

TOP SECRET

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21 August 1952

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CENTRAL INTELLIGENCE AGENCY

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GENERAL

1. Kennan comments on visit of Chinese delegation to Moscow:



Ambassador Kennan believes that the primary reason for the current Sino-Soviet talks in Moscow is the Korean situation, which will be affected in a "major way."

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He considers that Chinese requests led to the meeting, which apparently will center around military aid.

Whether the USSR agrees to continue supplying China at the present level or to meet demands for increased deliveries, Moscow would expect, in Kennan's view, to obtain important political concessions, perhaps involving the Chinese role in the Korean war, or possibly the Port Arthur naval base area, from which Soviet forces are scheduled to be withdrawn by the end of 1952.

Comment: The circumstances surrounding the conference and the composition of the Chinese delegation suggest that the talks are concerned more with long-range Soviet economic and military assistance than with the immediate issues of the Korean situation. Provision of such aid is expected to ensure Peiping's adherence to its commitment in Korea and to common policies toward Japan and Southeast Asia.

SOVIET UNION

2. Comment on Moscow's announcement of a party congress:

The Kremlin's decision to reorganize the top administrative apparatus of the Soviet Communist Party at an All-Union Congress on 5 October appears to be primarily a recognition of administrative changes since the last such meeting in 1939.



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[REDACTED]

The substitution of "Presidium" for "Politburo" may well be designed to give the impression of greater party democratization, an aim which is apparent in changes in the wording of the preamble to the party statutes. The proposed change in the Secretariat's functions emphasizes the widespread powers over Soviet internal affairs which this body, presumably under Malenkov, already enjoys.

Inclusion on the congress agenda of the 1951-55 Five Year Plan indicates that its revision is finally completed. [REDACTED]

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[REDACTED]

This will be the first Orbit-wide Five Year Plan, and will include increased exports of industrial products to and imports from the Satellite countries and Communist China. The overall plan is in line with the increased emphasis on planned military expenditures as revealed in the published 1952 budget.

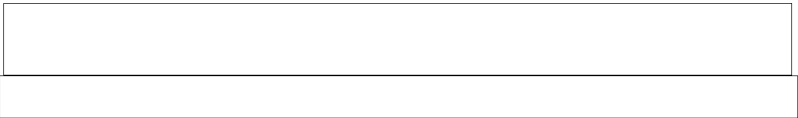
FAR EAST

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SOUTH ASIA

5. Chinese troops reportedly encamped inside Bhutan:



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**Chinese Communist troops encamped inside
Bhutan along a line some 30 to 50 miles south
of the Tibetan frontier.**



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[REDACTED]

[REDACTED]
[REDACTED] carts, tents, and a Chinese flag flying over one encampment,
[REDACTED]
[REDACTED] the Indian Government has
aerial photographs of the troops.

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Comment: This information is the most specific yet received on Chinese penetration of the eastern Himalayan borderlands. Maps now published in China vary considerably from Western maps in locating the southern borders of China.

It is common practice for Chinese troops to patrol up to 50 miles inside the northern frontier of Kashmir, until they meet Indian and Pakistani outposts.

NEAR EAST - AFRICA

[REDACTED]

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[REDACTED]

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7. Soviet Embassy said to be supporting Tudeh Party:

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[redacted] the Soviet Embassy in Tehran is engaged in logistic and financial support of the Tudeh, but that its activities are conducted indirectly through Iranian agents. Subversive agents, including a few Russians, continue to cross the Iranian frontier.

Clandestine arms traffic in Tehran is increasing. There are some Soviet arms shipments across the north-western border to tribesmen and Azerbaijan Democrats, but the weapons available to the Tudeh in Tehran come from illegal local stocks.

EASTERN EUROPE

8. Yugoslavia judged better able to cope with drought:

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[redacted] American officials in Belgrade believe that Yugoslavia is better able to offset this year's drought damage than in 1950. The Tito regime is attacking the problem energetically, but is probably relying on additional foreign aid coupled with reduced capital imports to tide it over.

Comment: The Yugoslav Federal Economic Council estimates the damage to crops to date at approximately \$300,000,000. The government has taken steps to cut imports, increase certain exports, and restrict exports of critical agricultural products. The Yugoslav economic situation is chronically poor, however, and consequently a bad crop inevitably produces severe repercussions.

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